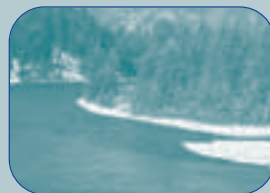
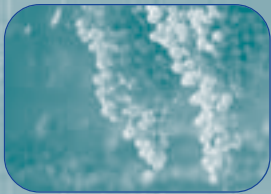




# CALIFORNIA REGIONAL ECONOMIES PROJECT

## Southern California Economic Base Report



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# Southern California Economic Base Report

**A Product of the  
California Regional Economies Project  
2004**

*Prepared by  
Center for Continuing Study of the California Economy*

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## The Southern California Region

The Southern California Region includes five counties - Los Angeles, Orange, Riverside, San Bernardino and Ventura. The Southern California region includes five of the six counties that are members of the Southern California Association of Governments (SCAG). Additional information about the Southern California region economy and long-term planning issues is available at [www.scag.ca.gov](http://www.scag.ca.gov). Imperial County, a member of SCAG, is included in the Southern Border region.

The Southern California Region accounts for approximately 50% of California's jobs and population. The region accounts for just fewer than 15% of farm jobs and 54% of manufacturing jobs. The region's unemployment rate in 2003 at 6.2% was below the state average of 6.7%

The Southern California Region has wage and per capita income levels that are slightly below the state average.

<b>Characteristics of the Southern California Region</b> (Thousands)			
	<b>Southern California</b>	<b>California</b>	<b>SOCal as % of CA</b>
Non Farm Wage & Salary Jobs (2003)	6,787.5	14,410.2	47.1%
Farm Jobs (2003)	55.7	375.0	14.9%
Manufacturing Jobs (2003)	832.7	1,544.9	53.9%
Population (7/01/03)	17,445.8	35,934.0	48.5%
Unemployment Rate (2003)	6.2%	6.7%	92.5%
Per Capita Income (2001)	\$30,269	\$32,563	93.0%
Average Wage (2002)	\$39,850	\$41,408	96.2%

Source: Jobs and Unemployment Rate - California Employment Development Department; Population and Per Capita Income - California Department of Finance; Average Wage - U. S. Bureau of Labor Statistics

## The Twin Challenges of Economic Growth and Workforce Investment

The California Regional Economies Project responds to two separate sets of regional priorities. Many regional organizations are focused on efforts to promote long-term economic growth that is broadly shared among each region's residents. The project's economic base analyses will help to identify sectors that have the potential for high-wage job growth such as, for example, biotech. The project will select specific clusters for deeper analysis. One aspect of the cluster analyses is to identify workforce policies that will support cluster growth.

Workforce boards play a role in promoting economic growth but they also have mandates to help residents train for and find jobs when they are unemployed. Workforce boards are moving beyond the traditional job-finding role to develop programs focused on career paths and upward mobility.

Many areas of workforce shortage are not in the center of a region's economic base. They are in the many population-serving sectors like health care, construction and education. So, this project will focus also on the size of sectors, not just their potential for rapid growth, and look closely at population-serving activities as well as each region's economic base.

### The Twin Challenges of Economic Growth and Workforce Investment

#### Economic Growth

- Identify sectors for innovation and growth, for example, biotech and nanotech
- Identify workforce and other policies to support high growth sectors
- Focus primarily on the region's economic base

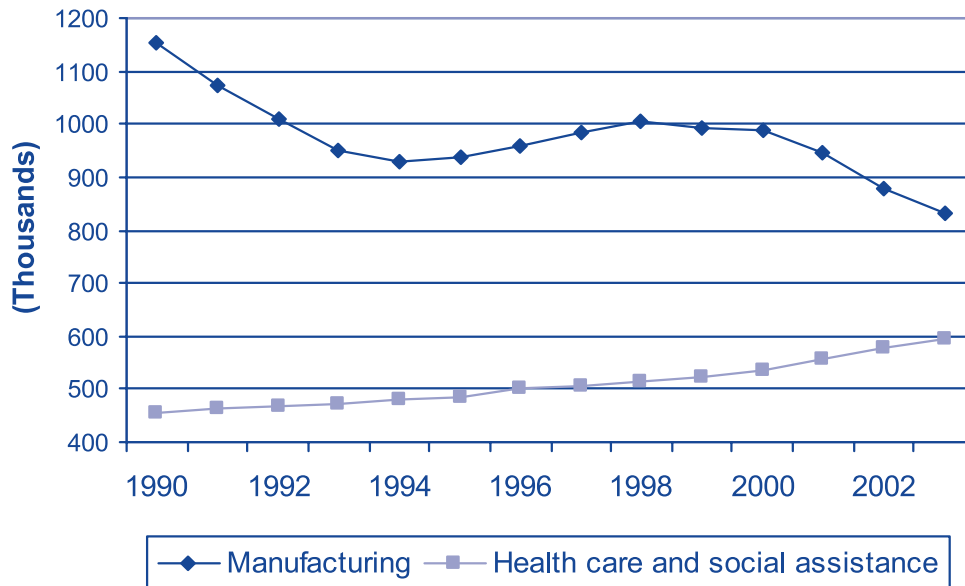
#### Workforce Investment

- Identify sectors where people can find career paths and upward mobility, for example, nursing and construction
- Identify workforce policies that support both individuals and sectors
- Focus significantly on population-serving sectors

Manufacturing industries get significant attention in discussions of regional economic growth. And manufacturing activities **are** important for innovation, high wages and exports. Yet, manufacturing sectors have not been and are not likely to be sources of job growth for the region, state or nation. Rapid productivity growth allows increases in manufacturing output to be produced with fewer, not more, workers and this is true in California, Colorado and China.

On the other hand, health care job levels have risen through good times and bad. The number of health care jobs in the Southern California Region has increased by 1/3 (+150,000) since 1990 while the number of manufacturing jobs has fallen by nearly 350,000 (-30%). Moreover, the number of health care jobs will almost certainly rise faster than the number of manufacturing jobs in the years ahead even if efforts to boost the number of manufacturing jobs are successful.

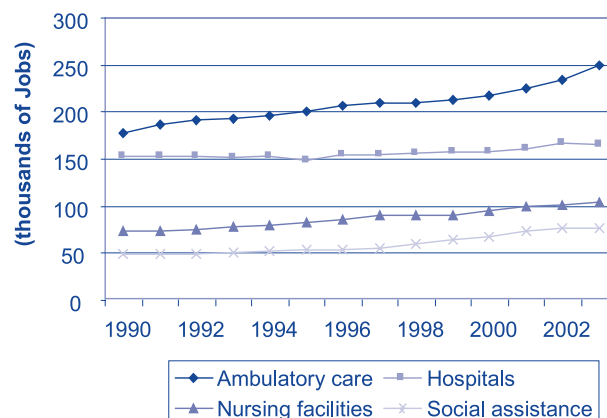
### Jobs in Manufacturing and Health Care Southern California Region



Workforce shortages are growing in many health care sectors; some of which pay good wages and many of which offer opportunity for upward mobility. Job levels in all four major components of health care and social services -ambulatory care, hospitals, nursing facilities and social assistance-have and will continue to rise rapidly.

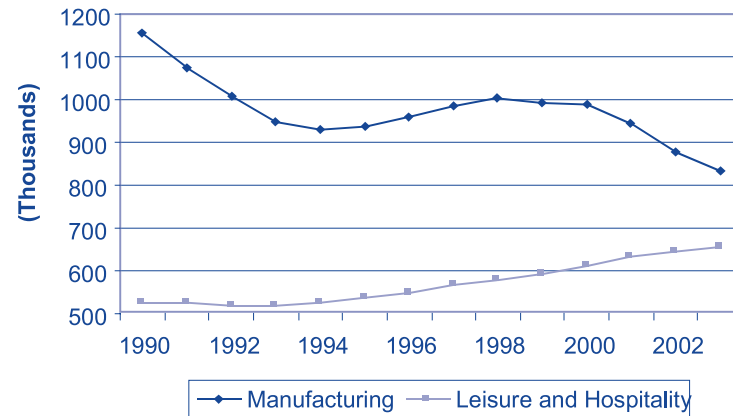
Construction jobs offer a similar set of growth opportunities in the region.

### Health Care and Social Services Southern California Region



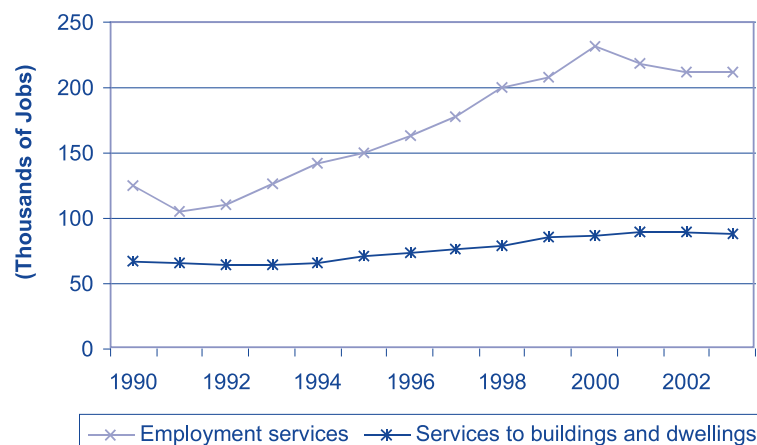
Job levels in Leisure and Hospitality also showed a steady upward trend during the past decade. While these jobs generally pay below-average wages, they are important for the region's tourism sector and can offer an entry level upon which to build.

### Jobs in Manufacturing and Leisure/Hospitality Southern California Region



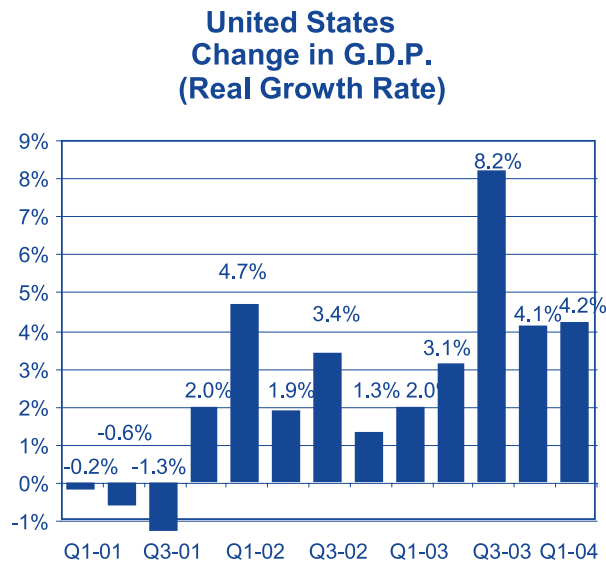
Two of the fastest growing sectors - employment services and services to buildings - serve the region's fast growing economy. These sectors also highlight the need to combine a focus on attracting high-wage, innovative sectors with a careful examination of all of the sectors where job opportunities and training needs are found. The growth opportunities shown below would not exist without the growth in the Southern California region's economic base.

### Other Southern California Growth Industries



## The State and National Economic Context

The nation has posted stronger economic results in recent months. Real GDP increased by 4.2% in the first quarter of 2004 following gains of 8.2% in the 3rd quarter of 2003 and 4.1% in the 4th quarter. Manufacturing output is rising; income and consumer spending are growing and inflation increases are modest. An average of 93,000 jobs a month have been added since July 2003.



Job gains are expected in the state and nation according to most economic forecasts for 2004.

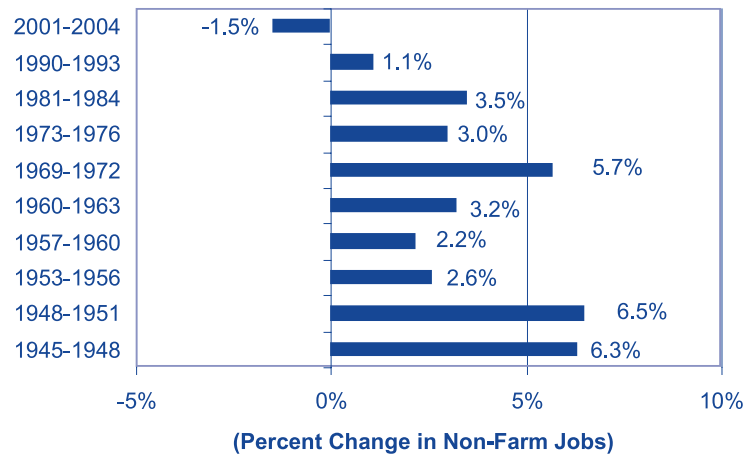
Still, the nation is in the midst of the weakest jobs recovery since the Great Depression. The national “jobless recovery” is the major reason that job levels in California have remained below the pre-recession levels into 2004.

In every recession since World War II, job levels were higher 3 years after the recession began, **except in the current period**. The average jobs gain 35 months after the last seven previous recessions began is 3%. A 3% increase in national jobs since the beginning of the 2001-2003 recession would be equal to more than a 4 million job gain. Instead, the nation has **lost 2 million jobs since the beginning of the recession**.

If the nation had the 6 million additional jobs from a “normal” economic recovery, California would have approximately 700,000 additional jobs in May 2004.

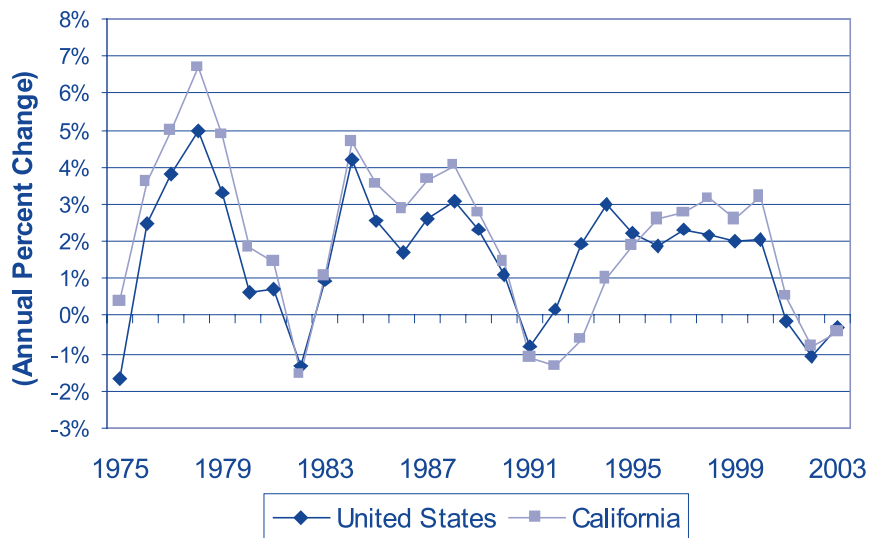


### Job Gains 3 Years After Recession Starts



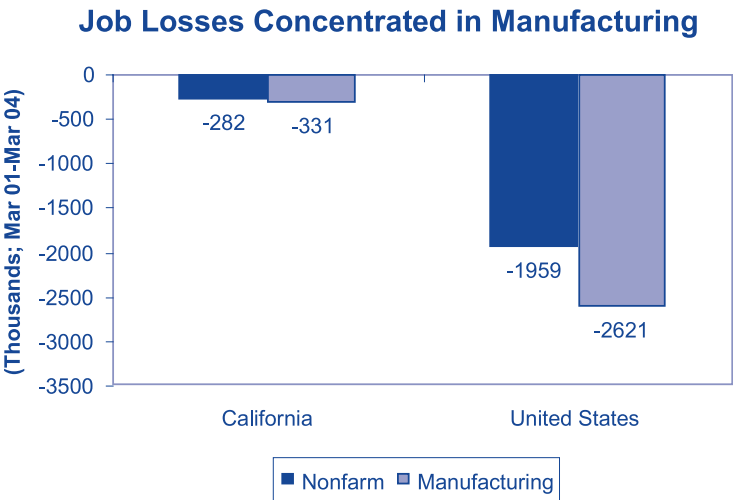
A strong national jobs recovery is essential for renewed job growth in California. While California regions can produce strong job and income growth when the national economy is growing, there are no cases when California regions prospered while the national economy was weak. In fact, as measured by unemployment or job and income growth, the state and nation have a long history of moving up and down together.

### Job Growth



There has been a great deal of recent discussion about how California compares to the nation in terms of job growth since the recession began. Data through March 2004 is presented below.

In the three years since March 2001, California lost 282,000 non-farm wage and salary jobs. During the same period, the state lost 330,900 manufacturing jobs. So, the state's entire recent job losses are accounted for by declines in manufacturing. The same picture emerges at the national level. Since March 2001, the nation has lost 2 million jobs and 2.6 million manufacturing jobs.

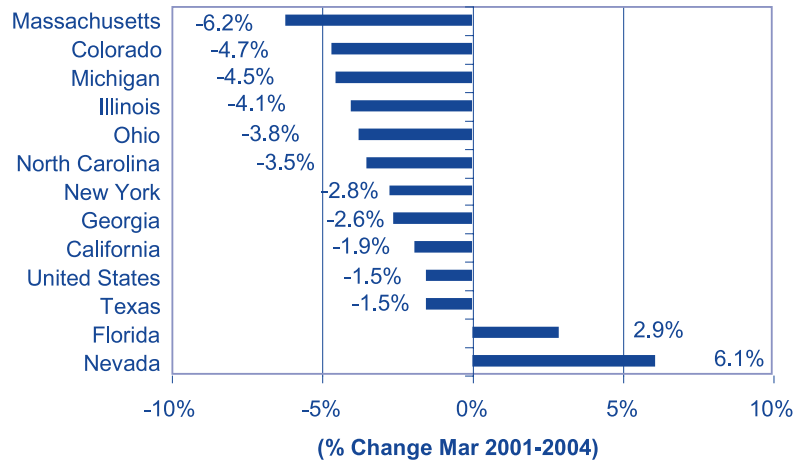


California has fared slightly better or slightly worse than the nation in terms of job losses, depending on what time period is used to measure changes in job levels. Between March 2001 and March 2004, California lost 1.9% of the state's total non-farm jobs compared to 1.5% for the nation as shown on page 10. As shown on page 12, California's job losses during this period were heavily concentrated in one region-the San Francisco Bay Area while six regions of California added jobs.

For the 2000-2003 period, California experienced a job loss of 0.7% while the nation lost 1.3% of total jobs as shown on page 15.

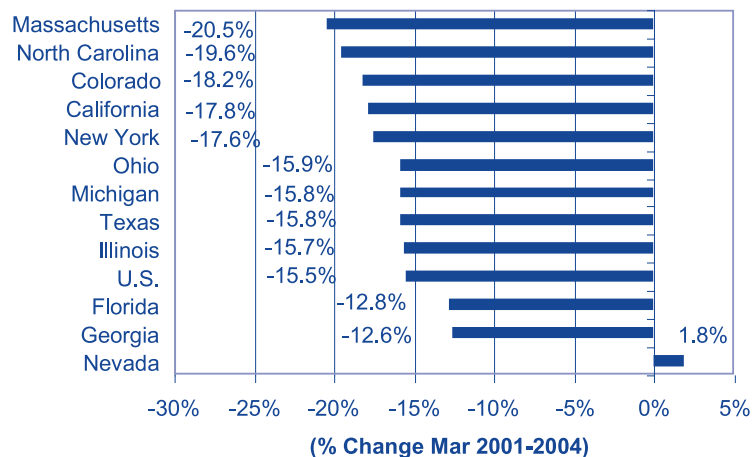
In the recent recession, unlike in the early 90s, many states lost a higher percentage of their job base than California. While California had job losses of 1.9% between March 2001 and March 2004, Massachusetts lost 6.2% of the state's job base and Colorado, Michigan, Ohio and Illinois all had job losses that were twice as large as California's in percentage terms. North Carolina, another high tech center had non-farm wage and salary job losses of 3.5% during this period.

### Nonfarm Wage and Salary Jobs



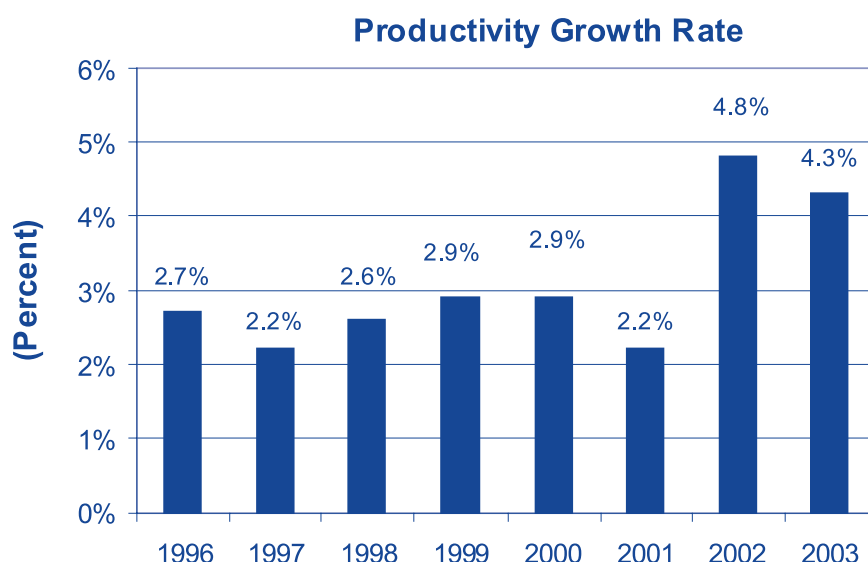
Manufacturing job losses were higher in California as compared to the United States. Manufacturing job losses were 17.8% in California between March 2001 and 2004 while national manufacturing job levels fell by 15.5%. State manufacturing job losses were highest in the Bay Area and equal to or below the national decline in other regions of the state. The large and continuing manufacturing job losses have received a lot of attention throughout the nation. The causes are many and complex, but one fact is clear. The severity of manufacturing job losses is not unique to California.

### Manufacturing Jobs



Manufacturing job losses were widespread and three high tech states, Massachusetts, Colorado and North Carolina, all lost a higher percentage of their manufacturing jobs compared to California.

**Productivity growth is one explanation of the “jobless” recovery.** High productivity growth allows firms to produce more without needing additional workers and, in some cases, to produce more **with fewer workers**. Productivity growth has reached extremely high levels in 2002 and 2003. In 2002, productivity growth averaged 4.8% over 2001 levels. In 2003, productivity growth was 4.3%. Roughly speaking, this level of productivity growth requires real GDP to grow at higher than 5.5% to reduce unemployment rates.



The estimated GDP gains of near 4% for the next few quarters will not be enough to reduce unemployment rates unless productivity falls rapidly. The U.S. labor force normally increases by 2 million per year so job gains of more than 150,000 per month are required to reduce the unemployment rate. Since July 2003, job growth has averaged less than 50,000 per month.

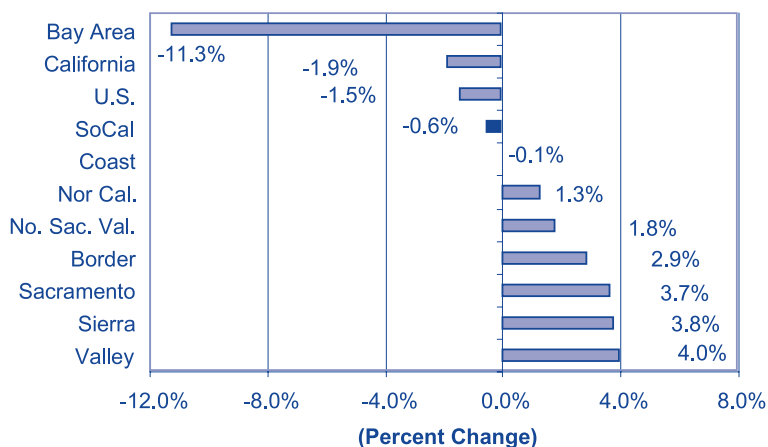
Productivity growth is essential for long-term prosperity. Productivity growth allows profits and wages to increase and living standards to rise.

But, in the short-term, this exceptional productivity growth makes the job of getting back to full employment much more difficult. And this productivity growth explains “where” most of the lost manufacturing jobs went - not to another state, not even abroad (although some did), but simply lost because firms needed fewer workers to meet rising sales levels.

## Southern California Region Outpaces Nation During the Recession

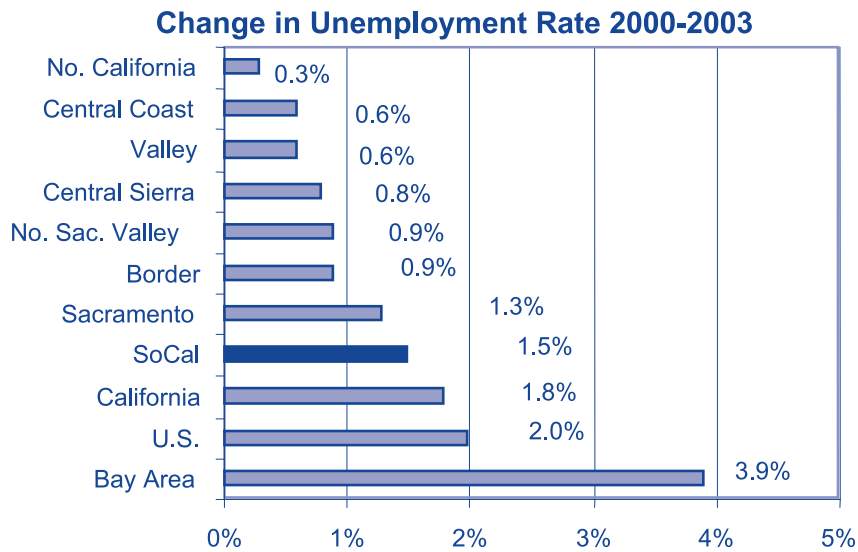
The Southern California Region lost 40,800 non-farm wage and salary jobs between March 2001 and March 2004 for a loss of 0.6%, outpacing the state and nation. The Bay Area was the only region in California that lost a significant number of jobs during this time period. The Bay Area lost 416,000 during the past three years while the state lost 282,000 jobs. The other eight regions **added 134,000 jobs**. Job gains of more than 3.5% were recorded in the Central Sierra, Greater Sacramento and San Joaquin Valley regions.

**Growth in Nonfarm Jobs Mar 01-Mar 04**

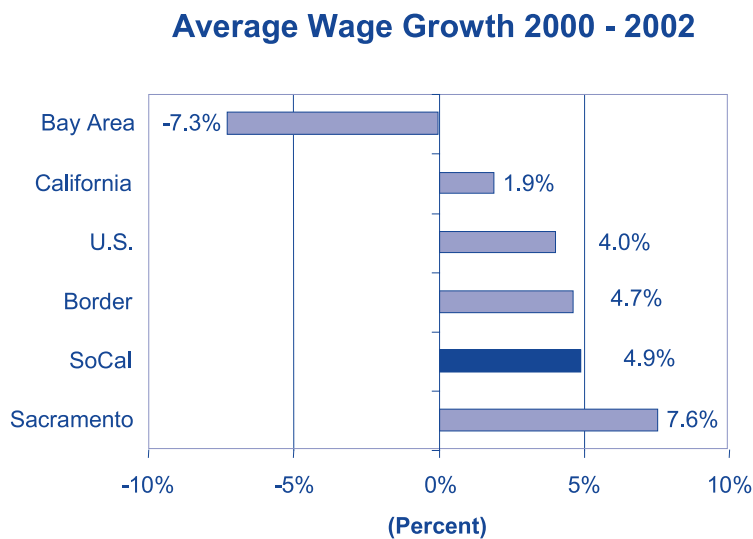


Unemployment rates in the Southern California region increased during the past three years, but by less than in the state or nation. The region's unemployment rate increased by 1.5%, from 4.7% in 2000 to 6.2% in 2003. **Every region of the state, except the Bay Area, had a smaller increase in unemployment rates than either the state or nation.** The Southern California Region had the third lowest regional unemployment rate in California, behind the Southern Border and Greater Sacramento Regions.

The current unemployment rate in Southern California is in sharp contrast to a decade ago when the region had the second highest unemployment rate in the state behind the San Joaquin Valley.



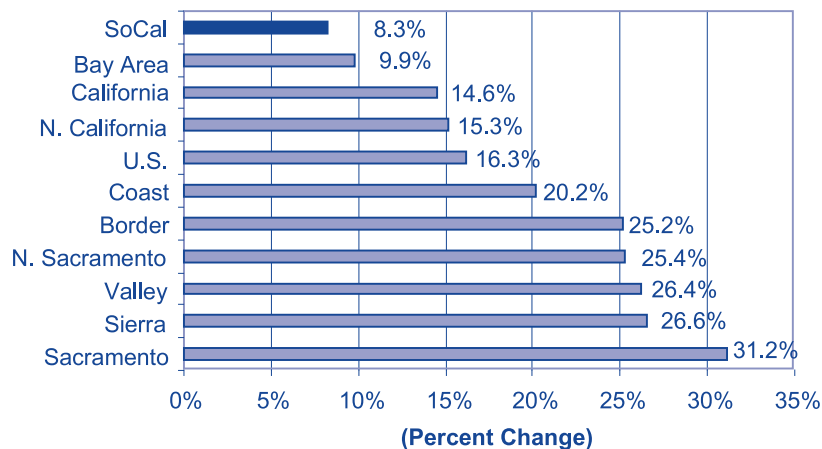
Average wage levels **rose** in the Southern California Region in 2001 and 2002. Average wages were \$37,989 in 2000 and \$39,850 in 2002 for an increase of 4.9%. Wages rose in all regions of the state, except the Bay Area, led by a 7.6% gain in the Greater Sacramento region. The region's wage gain was ahead of the national average gain of 4.0%.



## Comparison of Regions Since 1990

The Greater Sacramento Region had the highest job growth rate since 1990 among the state's nine regions. Jobs in the Greater Sacramento Region increased by 31.2% compared to the nation's 16.3% gain and the state's 14.6% increase. Six regions outpaced the nation's job gains but the two largest regions-Southern California and the Bay Area-had below average job growth rates during this period-as a result of the aerospace slump in the early 90s and the tech/Internet slump since 2000.

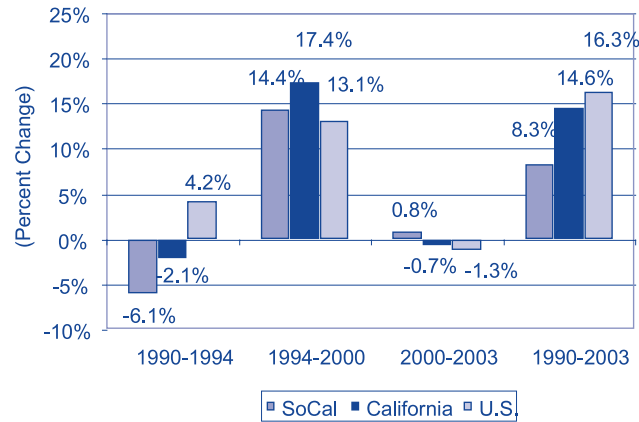
**Growth in Total Jobs 1990-2003**



The Southern California Region job growth at 8.3% was the lowest growth rate among the state's nine economic regions. The region's job growth story is made up of three distinct periods. **The Southern California Region was the worst performing region in California in the 1990-1994 period.** From 1990 through 1994, job levels fell by 6.1% in the region while rising by 4.2% nationally.

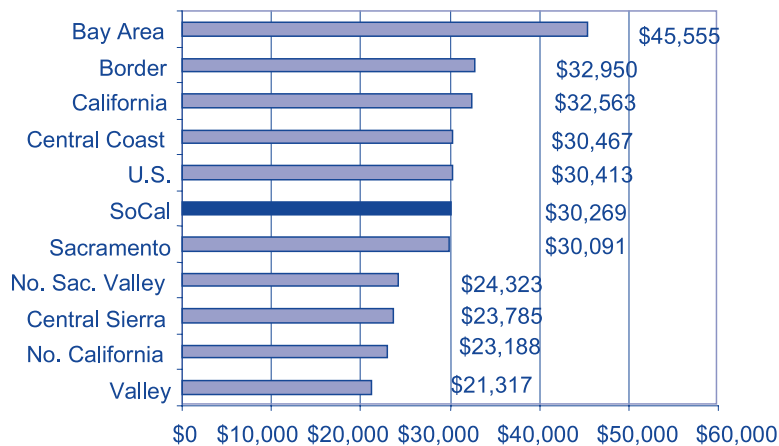
**However, the Southern California region outpaced the nation in job growth after 1994, including during the recent recession.** Still, the very sharp job losses in the early 1990s left the region behind the nation in terms of job gains since 1990.

### Growth in Total Jobs



The Southern California Region ranks in the middle in terms of per capita income among California regions. Per capita income of \$30,269 in 2001 places the Southern California Region 0.5% below the national average. The Bay Area has the highest wage level and per capita income of any region in the nation.

### Per Capita Income in 2001

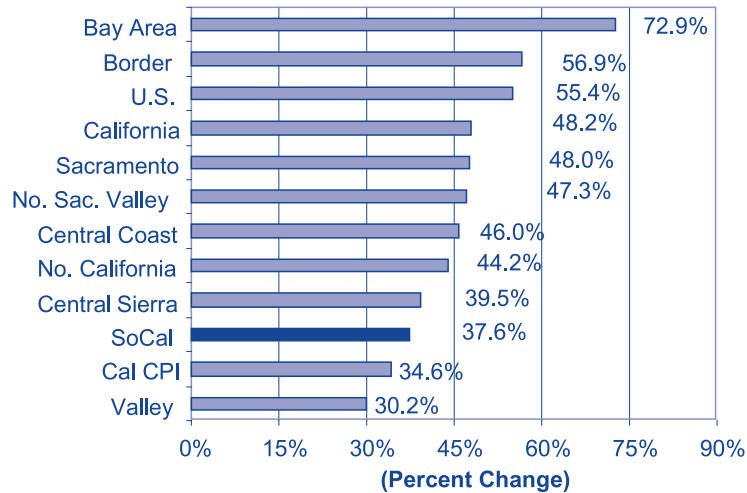


The Southern California Region had the lowest per capita income growth rate among California regions except for the San Joaquin Valley. Per capita income rose by 37.6% between 1990 and 2001, slightly faster than the rate of growth in consumer prices, which was 34.6%. Only one region, the San Joaquin Valley, had per capita income growth that was less than the rise in consumer prices.



Per capita income growth in the region was restrained by the loss of aerospace jobs in the early 1990s and by the continuing immigration of new residents with below average education and little workforce experience.

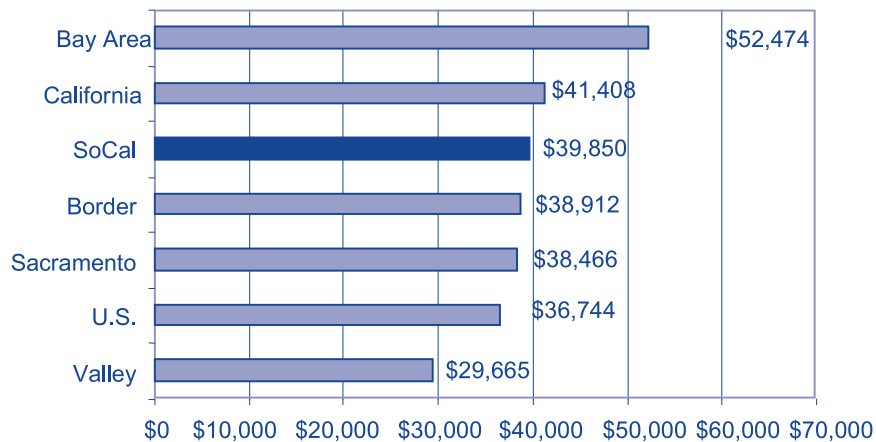
### Per Capita Income 1990 - 2001



The Bay Area had the highest wage levels in the state and nation in 2002, even after two years of declining wages. **The average wage of \$52,474 was more than 40% above the national average.** Wage levels in the Southern California, Southern Border and Greater Sacramento region were above the national average while average wage levels in the San Joaquin Valley remained substantially below the state and national average.

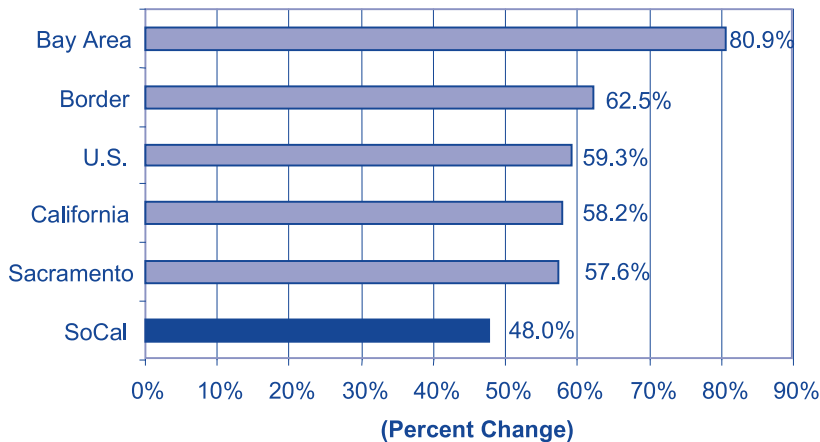
The Southern California Region had an average wage of \$39,850 in 2002 compared to the state average of \$41,408 and the national average of \$36,744.

### Average Wage in 2002



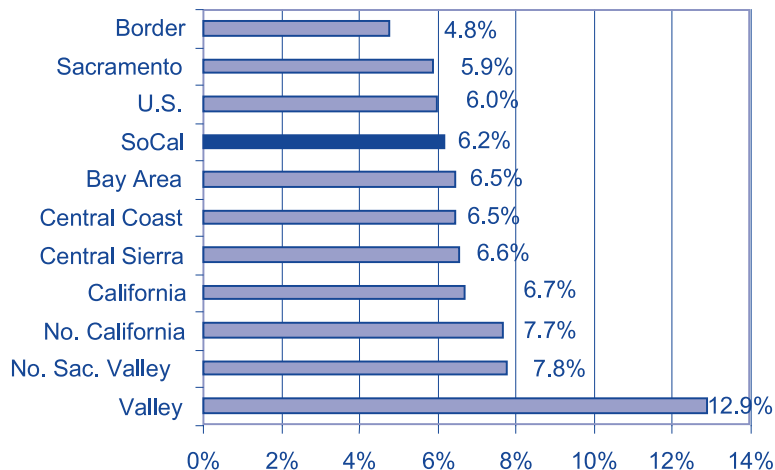
The Bay Area had the highest wage growth since 1990 among California's largest regions. Average wage levels increased by 80.9% between 1990 and 2002 compared to the national increase of 59.3%. Wage growth in the Southern California region was restrained by the loss of relatively high paying aerospace jobs and the immigration trends cited above.

### Average Wage Growth 1990 - 2002



The Southern Border Region at 4.8% had, by far, the lowest regional unemployment rate in California in 2003. The region's 4.8% unemployment rate compares to 6.7% in the state and 6.0% in the nation for the year to date. For the first time in a decade, the Bay Area unemployment rate moved above the national average in 2002 and remained higher in 2003. The state's lowest unemployment rates outside of the Border region were 5.9% in the Greater Sacramento region and 6.2% in Southern California. The highest rate was 12.9% in the San Joaquin Valley.

### Unemployment Rate in 2003



The Southern California region unemployment rate in 2003 stands in sharp contrast to the region's unemployment rates in the early 1990s. The regional rate during that period was near 9% and nearly 3% above the national average.

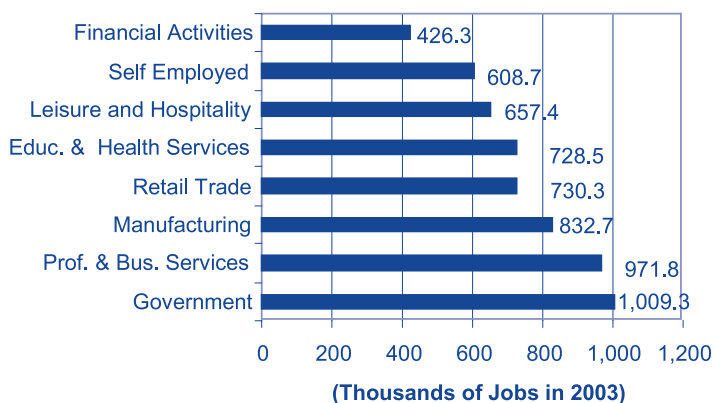
## Major Industry Sectors in the Southern California Region

**The major industry categories for reporting jobs data have changed with the introduction of the North American Industry Classification System (NAICS).** Some of the major industry categories like Construction, Manufacturing, Financial Activities, Wholesale Trade, Farm and Government, have either identical or similar names to the previous SIC-based categories and cover approximately the same set of industries and workers. The NAICS Retail Trade category is the same as before, but without eating and drinking establishments, which have been moved to the new Leisure and Hospitality industry.

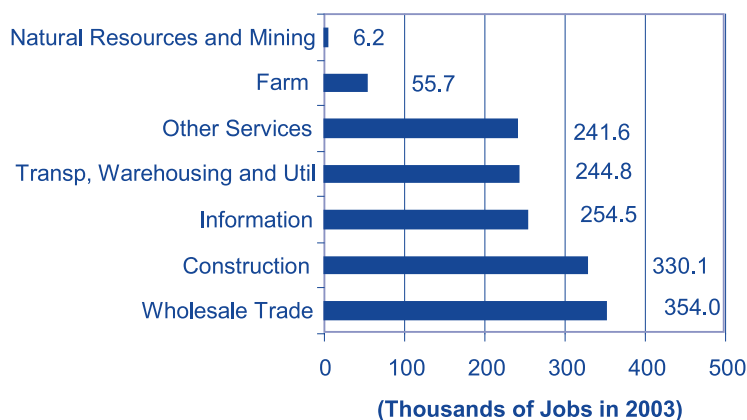
Some major industry categories are new including Professional and Business Services, Information, Educational and Health Services, Transportation, Warehousing and Utilities, and Leisure and Hospitality. Within the NAICS major industry categories are many new industry categories like telecommunications, ISPs, software publishing, childcare, and couriers.

The Southern California Region had nearly 7.5 million jobs in 2003. Government was the largest major industry sector with 1.0 million jobs. Professional and Business Services was the second largest sector with 971,800 jobs followed by Manufacturing with 832,700 jobs and Retail Trade and Educational and Health Services each with approximately 730,000 jobs in 2003. Leisure and Hospitality, Self Employed and Financial Activities were the next largest sectors.

### SoCal Leading Major Industry Sectors



### SoCal Other Major Industry Sectors

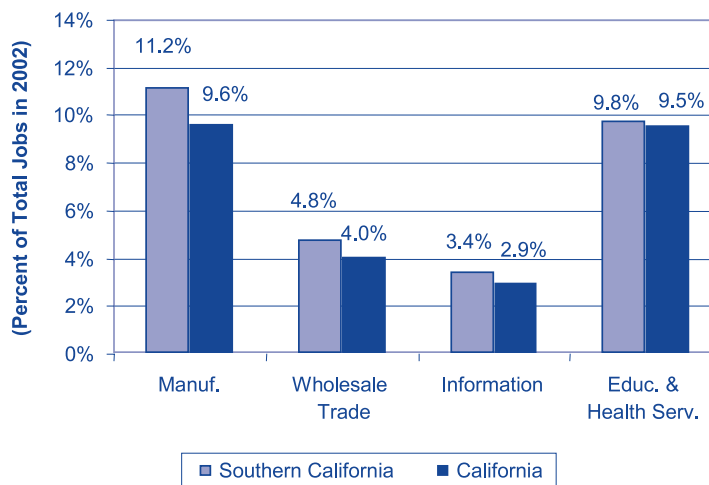


Five sectors shown above had between 240,000 and 360,000 jobs in 2003 and two sectors- Farm and Natural Resources had relatively few jobs.

The distribution of jobs by major industry group in the Southern California Region is similar to the statewide pattern. The Southern California Region has a slightly above average share in Manufacturing, Wholesale Trade, Information and Educational and Health Services.

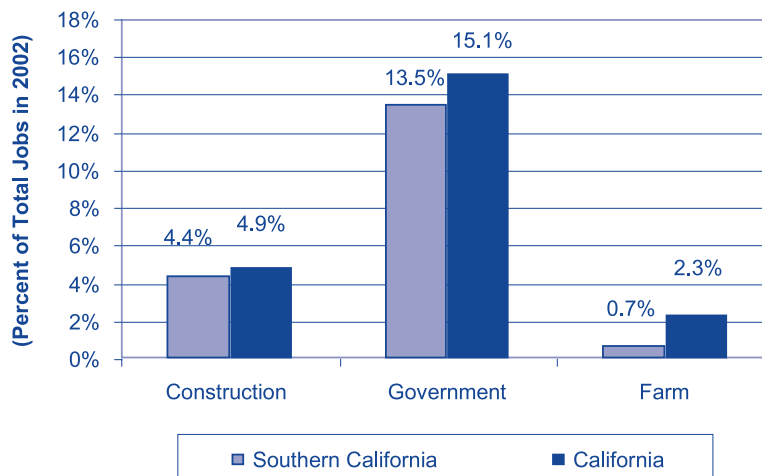
Manufacturing accounted for 11.2% of jobs in the Southern California Region in 2003 compared to 9.6% for the state. Wholesale Trade accounted for 4.8% of total jobs in the region compared to 4.0% statewide. The difference was smaller for Information and Educational and Health Services.

#### Above-Average Share in Southern California



The Southern California Region had a below average concentration in Construction, Government and the Farm sector. Construction jobs accounted for 4.4% of Southern California Region jobs in 2003 compared with 4.9% for the state. Many sectors including Retail Trade, Leisure and Hospitality and Financial Activities had nearly identical job shares in the region and state

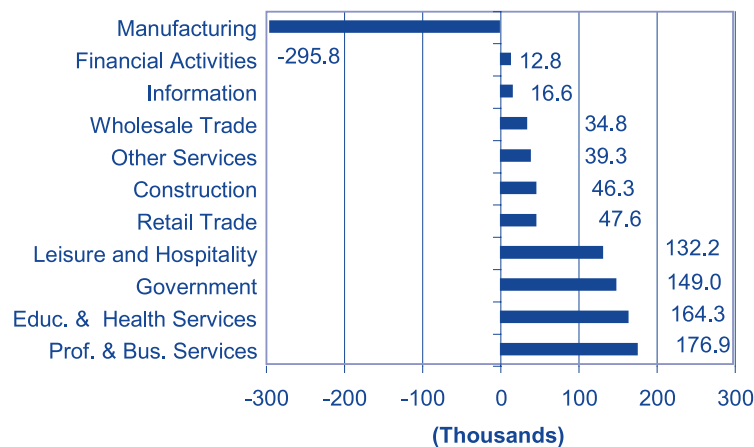
#### Below-Average Share in Southern California



Professional and Business Services has led the region's job growth since 1990. The sector added 176,900 of the 573,800 total job gain in the Southern California Region since 1990. Major job growth came also from population serving sectors including Government, Educational and Health Services and Leisure and Hospitality.

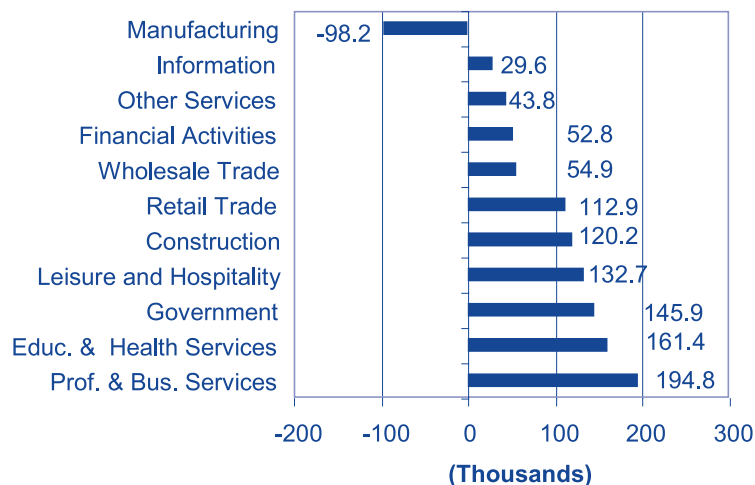
Smaller gains were recorded in Other Services, Information, Wholesale Trade, Retail Trade and Construction. Manufacturing was the only major sector to lose jobs; however job losses in Manufacturing were substantial-nearly 300,000 jobs between 1990 and 2003.

### Southern California Job Growth 1990-2003



The region's job growth picture looks different if the 1990-1994 period is excluded. First, the region gained nearly 1 million jobs during this period. Second, the Manufacturing sector lost fewer jobs and all of the losses were after 2000. Third, Construction and Retail Trade each added more than 100,000 jobs after 1994.

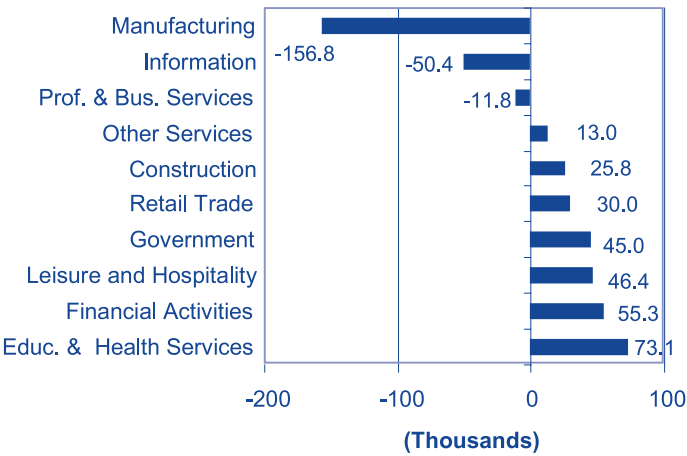
### Southern California Job Growth 1994-2003



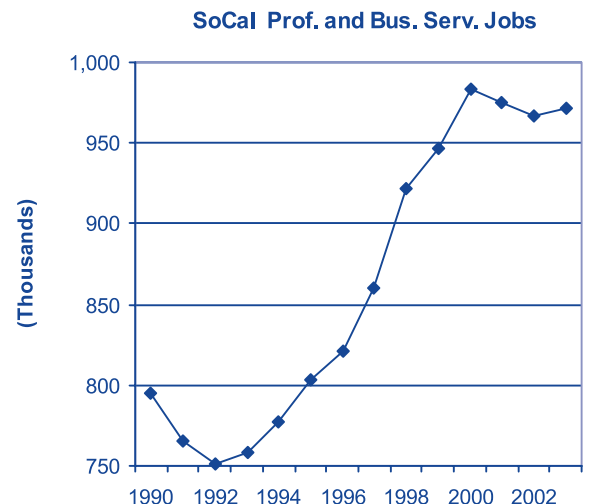
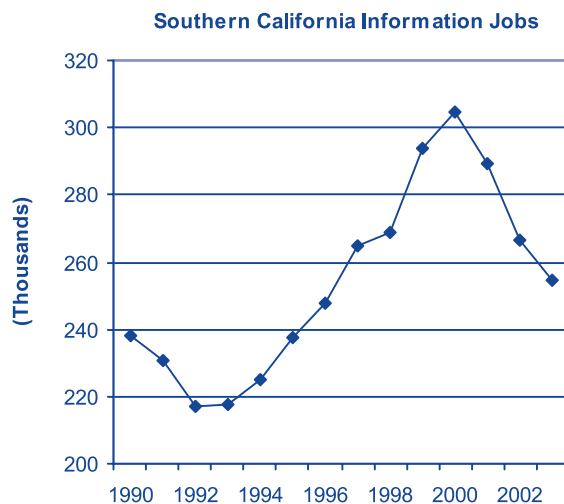
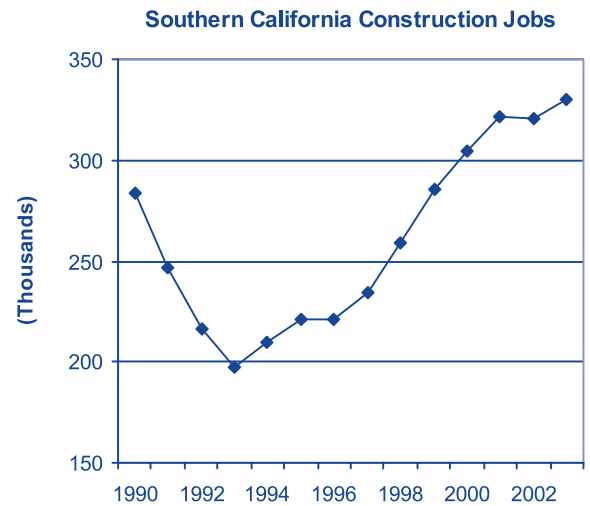
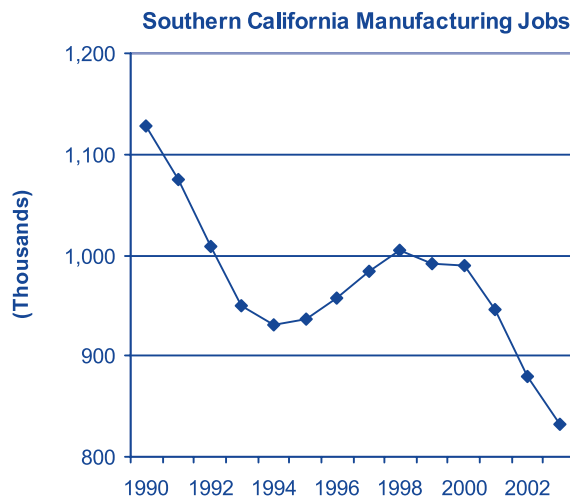
Between 2000 and 2003, the Southern California Region added jobs in many sectors and lost jobs in a few sectors as a result of the national recession. The largest gains were in Educational and Health Services (+73,100), Financial Activities (+55,300), Leisure and Hospitality (+46,400) and Government (+45,000). Manufacturing, Information (where Motion Picture Production is located) and Professional and Business Services were the sectors that lost jobs in these three years.

In contrast to the early 1990s, Construction and Retail Trade added jobs during the downturn.

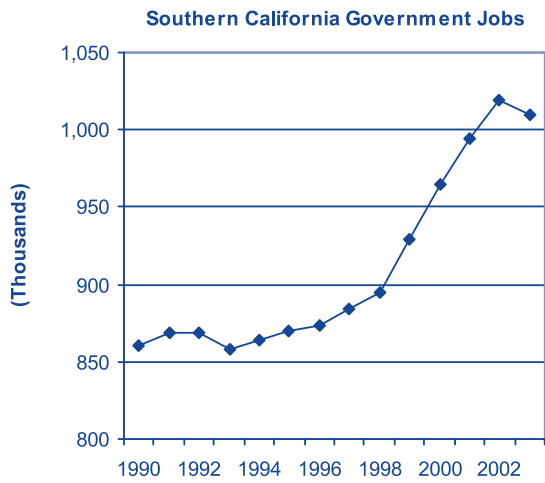
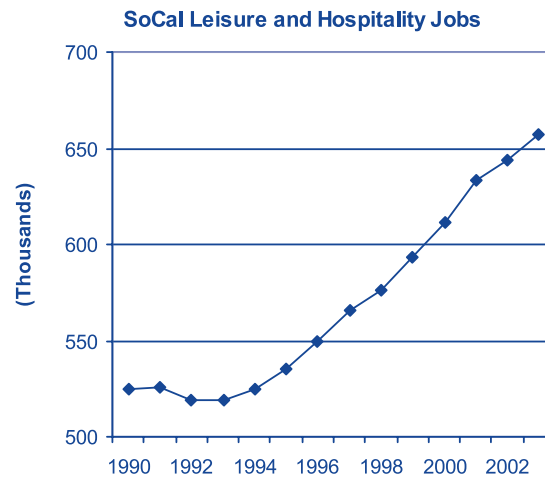
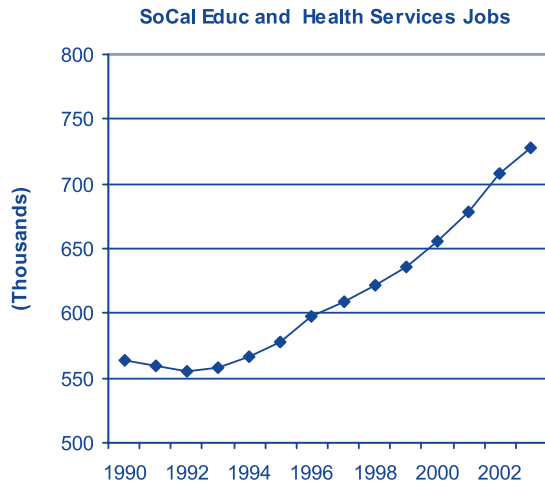
**Southern California Job Growth 2000-2003**



Four large major industries have shown some cyclical pattern in job levels since 1990. One sector - Manufacturing - recorded strong job growth between 1994 and 2000 and job losses during the two recession periods. Construction slowed in the early 90s recession but showed job gains during the recent statewide recession. Professional and Business Services and Information Services experienced job losses during both the early 90s and recent downturn.



Three large major industries—Educational and Health Services, Leisure and Hospitality, and Government —have shown steady job gains even through recession periods. Two sectors mainly serve the local population and are relatively less sensitive to the business cycle and more sensitive to long-term population and income growth. Government serves both local population (local government) and state and national functions.





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## Southern California Region Economic Base

The Southern California Region's economic base is made up of those industries that sell a large portion of their goods or services to people and businesses in markets **outside of the Southern California Region**. For example, most manufacturing industries sell mainly to markets in other states or countries.

Many service industries are included in the region's economic base. Most professional, technical and scientific service firms sell to worldwide markets; tourism and wholesale trade serve worldwide markets and software, Internet and other telecommunications services do not depend mainly on local markets for sales.

Firms in any region's economic base are important for three principal reasons. First, firms in economic base industries have **a choice about where to locate**. Because high tech or computer service firms serve worldwide markets, they do not have to locate in a particular place to serve their customers.

Second, firms in the economic base, usually, but not always, pay above average wages.

Third, regions often compete for the location of economic base industries. For example, business and community groups in the Southern California Region are continually assessing what should be done to boost the region's share of new foreign trade, entertainment and technology venture capital and innovation. Part of this "competition" for new firms involves assessing their workforce needs and designing education or training initiatives to meet potential workforce shortages.

Approximately 35% (2.6 million jobs) of Southern California Region total jobs in 2002 were in the region's economic base. This means that 65% of the jobs were in sectors that mainly serve the local population. In designing workforce programs, it is often easy to concentrate on the economic base while overlooking opportunities and needs in population-serving industries, for example, in nursing or construction.

The Southern California Region's economic base has been grouped into eight major sectors for purposes of analysis and discussion:

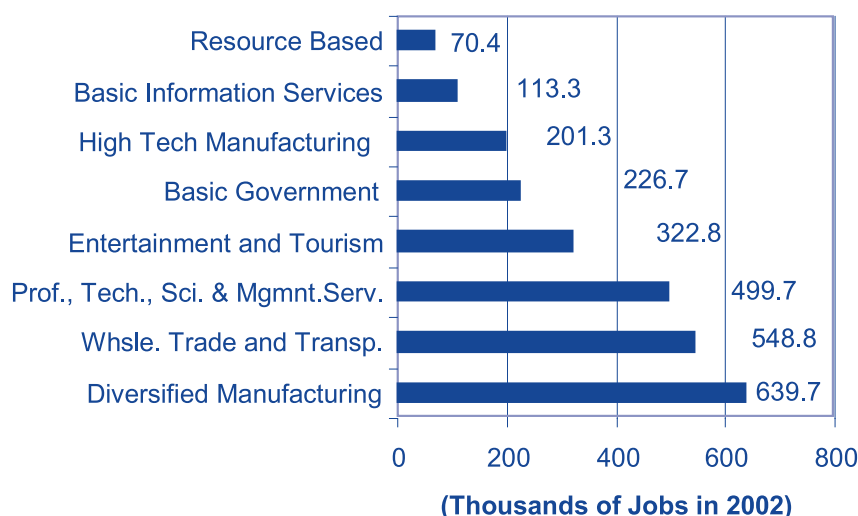
- High Tech Manufacturing
- Diversified Manufacturing
- Wholesale Trade and Transportation
- Professional, Technical, Scientific and Management Services
- Basic Information Services
- Entertainment and Tourism
- Basic Government Services (Federal and State Government)
- Resource Based

A complete list of industries in each major economic base sector is shown in the Appendix.

Diversified Manufacturing jobs are the largest sector in the Southern California Region's economic base with 639,700 jobs in 2002. Next are Wholesale Trade and Transportation (548,800 jobs), Professional, Technical, Scientific and Management Services (499,700 jobs), and Entertainment and Tourism (322,800 jobs). Smaller sectors include Basic Government (226,700 jobs), High Tech Manufacturing (201,300 jobs), Basic Information Services (113,300 jobs), and the Resource Based sector (70,400 jobs).

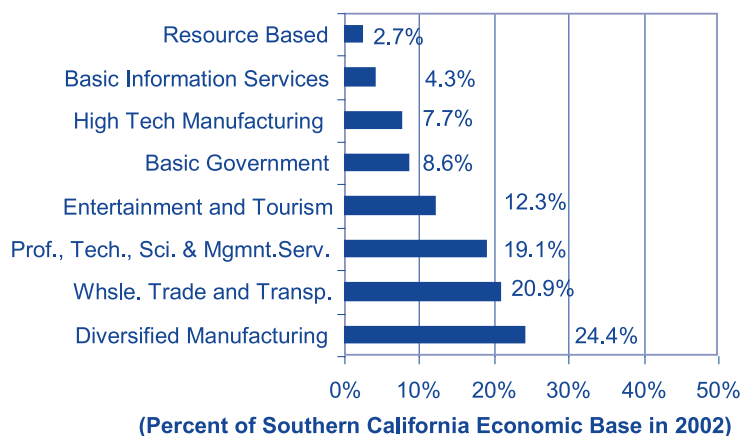
Southern California is the only region in California where Diversified Manufacturing and Wholesale Trade and Transportation are the number one and two ranking economic sectors measured by total jobs.

### SoCal Region Economic Base



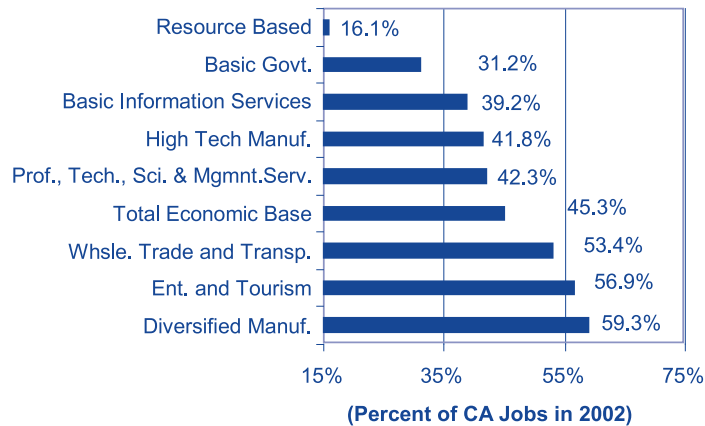
Approximately one quarter (24.4%) of the Southern California Region economic base is concentrated in Diversified Manufacturing. Wholesale Trade and Transportation is the second largest component, accounting for 20.9% of the region's basic industry jobs followed by Professional, Technical, Scientific and Management Services with 19.1% and Entertainment and Tourism with 12.3%.

### Southern California Region Economic Base



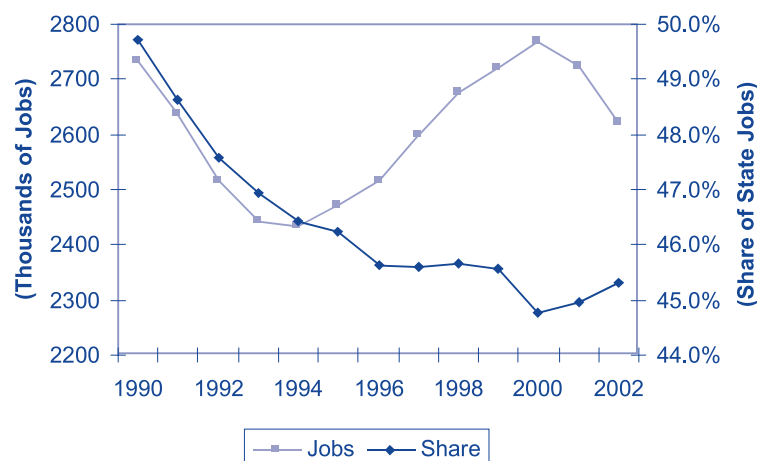
The Southern California Region had 45.3% of California's economic base jobs in 2002. **The Southern California Region had an above-average share in three sectors.** The Region had 59.3% of the state's diversified manufacturing jobs, 56.9% of the state's entertainment and tourism jobs and 53.4% of Wholesale Trade and Transportation jobs.

### Southern California Share of California



The Southern California Region share of California's basic industry jobs fell from 50% in 1990 to 46% in 1996 and has remained near 46% since. Basic jobs fell sharply in the early 90s but recovered fully by 2000 before declining again in 2001 and 2002.

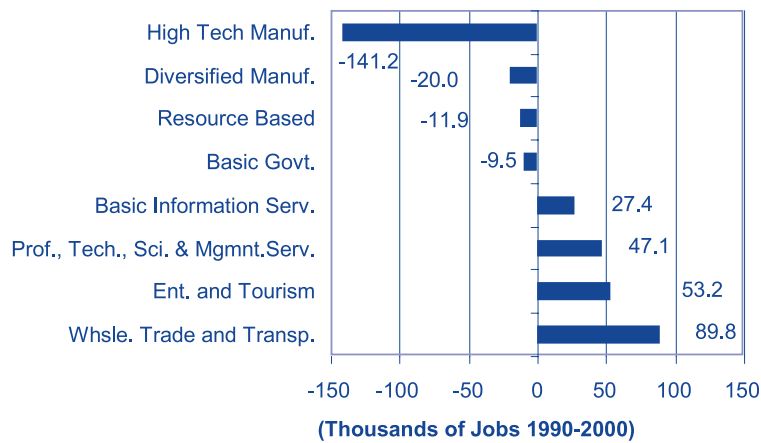
### Southern California Region Economic Base



In the 1990s, the Southern California Region's economic base job growth was led by Wholesale Trade and Transportation, which recorded an increase of 89,800 jobs. Next in size were the gains in Entertainment and Tourism (53,200 jobs) followed by Professional, Technical, Scientific and Management Services (47,100 jobs) and Basic Information Services (27,400 jobs). High Tech Manufacturing lost 141,200 jobs as a result of the aerospace job losses. Diversified manufacturing had a large job loss in the early 90s followed by a recovery between 1994 and 2000.

The small loss in Basic Government jobs was the result of a 30,000 loss in federal government jobs partially offset by a more than 20,000 job increase in State Government.

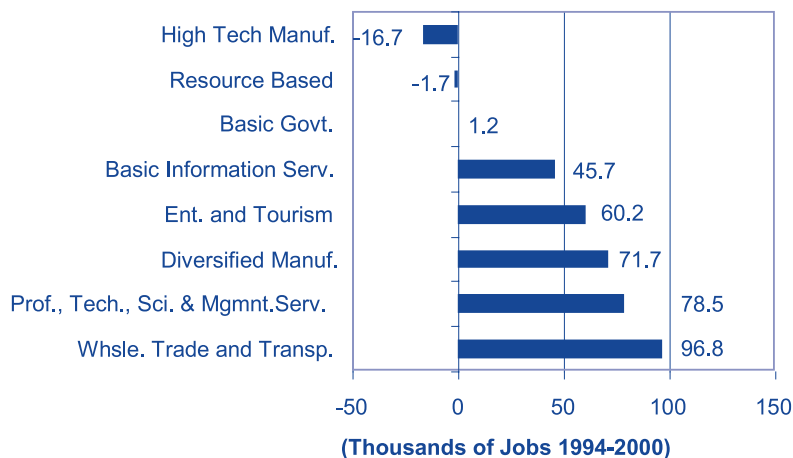
### Change in Southern California Economic Base



The picture looks quite different if the 1994-2000 period is examined separately. All sectors did better in the 1994-2000 period than in any other period since 1990. The big differences were in manufacturing where the Diversified Manufacturing sector added jobs between 1994 and 2000 (+71,700 jobs) and High Tech job losses were relatively small as most aerospace job losses occurred before 1995.

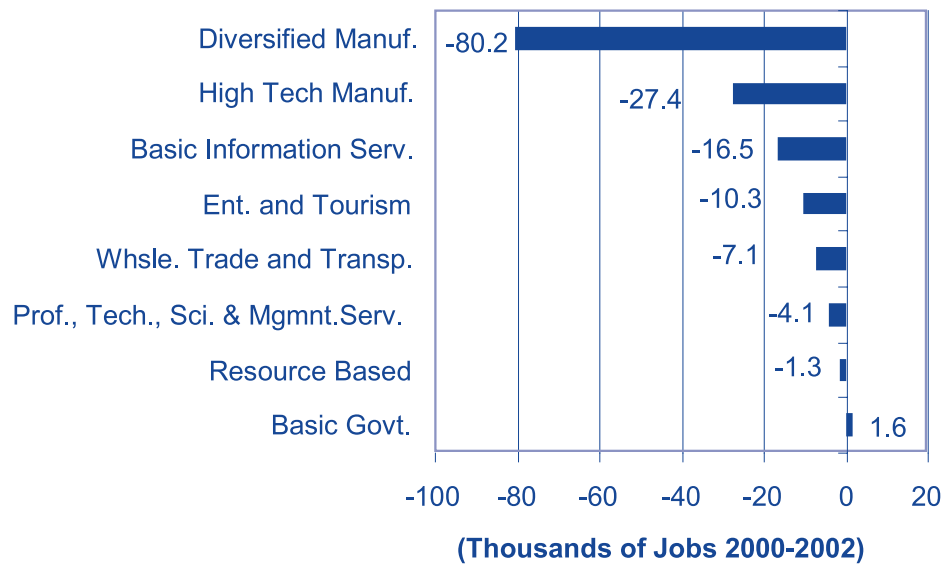
The region's economic base added nearly 350,000 jobs between 1994 and 2000.

### Change in Southern California Economic Base



The Southern California Region had basic industry job losses between 2000 and 2002 losing approximately 145,000 jobs. Diversified Manufacturing lost 80,200 jobs. High Tech Manufacturing lost 27,400 jobs and the Information Services sector lost 16,500 jobs. The region added jobs in only one basic industry sector-Government.

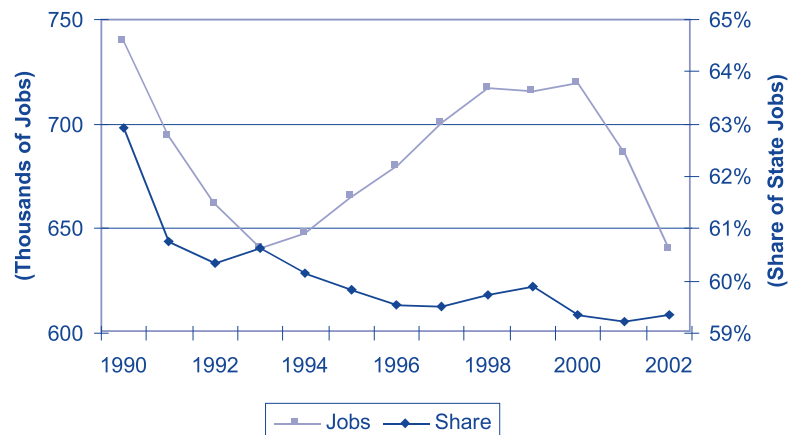
## Change in Southern California Economic Base



## Diversified Manufacturing

Diversified Manufacturing is the largest component of the Southern California Region economic base. The region had nearly 640,000 jobs in diversified manufacturing industries in 2002, accounting for just fewer than 60% of the state total. Diversified manufacturing job levels fluctuated with the economic cycle between 1990 and 2002. The region's share of state diversified manufacturing jobs fell in the early 90s and has remained fairly constant since 1995.

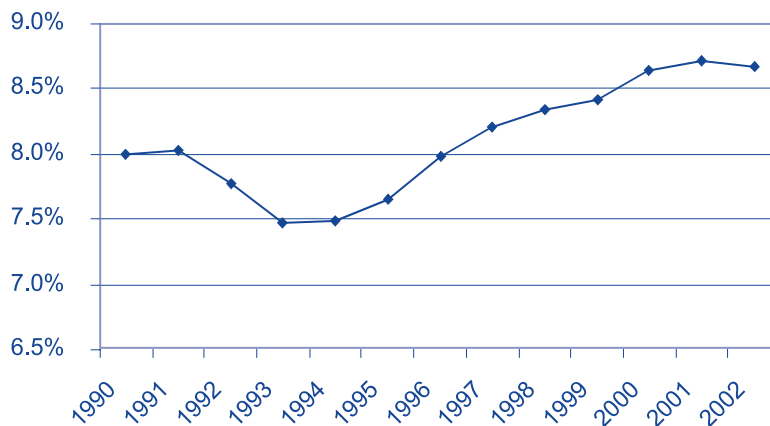
### Southern California Diversified Manufacturing



In evaluating the Diversified Manufacturing sector in Southern California, it is important to understand the national trends in the sector. California has been slowly gaining a higher share of national diversified manufacturing jobs. As national job levels have fallen, in part as a response to rising productivity and in part as a response to the recent recession, job losses have been higher on a percentage basis in other states.

Since 1995, both Southern California and the state have experienced a small increase in their share of the nation's diversified manufacturing jobs.

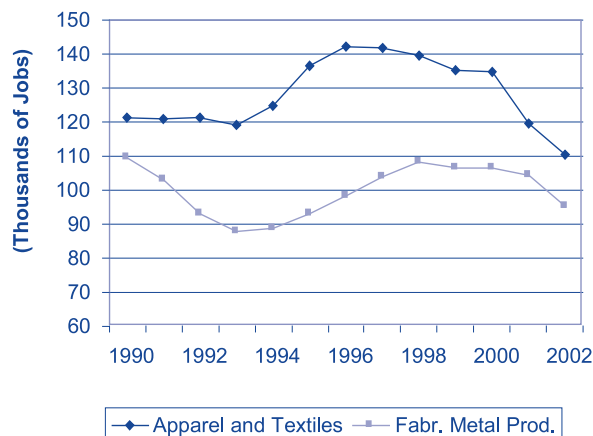
**California Share of U.S. Diversified Manufacturing Jobs**



Fabricated metal products and apparel and textiles are the largest industries in the Diversified Manufacturing sector. Southern California has two-thirds of the state's fabricated metal products jobs and 80% of apparel and textile jobs.

Apparel and textile job levels rose in the mid 90s and have fallen in recent years as a result of sharp declines in U.S. production levels. California's share of national production has risen sharply since 1990. Fabricated metal product jobs fell with the aerospace declines, rose with the mid-90s recovery, and have fallen again during the latest recession.

**Largest Diversified Manufacturing Industries**



Several Diversified Manufacturing industries have approximately 50,000 jobs in the region including Machinery (44,800), Furniture (48,800), Miscellaneous Manufacturing (51,300), Food Manufacturing except canning (50,600) and Plastics and Rubber Products (46,400). In general, job levels are lower than in 1990. On the other hand, production levels continue to rise in most of these industries.

**Southern California remains the largest diversified manufacturing job center in the United States.**

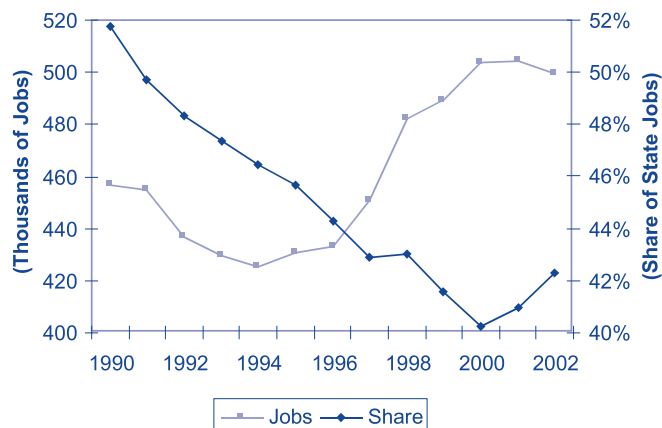
Southern California Region Diversified Manufacturing (Thousands of Jobs)				% of California
	1990	2000	2002	2002
Wood product manufacturing	17.6	17.4	16.5	40.5%
Nonmetallic minerals	30.3	23.9	22.8	49.5%
Primary metal manufacturing	22.0	20.2	17.9	66.4%
Fabricated metal products	109.7	106.6	95.3	64.9%
Machinery manufacturing	62.6	53.5	44.8	48.2%
Electrical equipment	38.2	28.4	26.7	66.7%
Ship and boat building	2.0	2.1	1.9	21.5%
Other transportation equipment	1.8	3.0	2.8	52.2%
Furniture	55.5	55.1	48.8	71.5%
Miscellaneous manufacturing	50.8	57.0	51.3	54.6%
Medical Equipment	23.6	24.6	24.5	49.0%
Other	27.1	32.4	26.8	61.2%
Other food manufacturing	51.2	52.1	50.6	43.2%
Beverages	9.7	6.5	6.6	19.0%
Textile mills	9.8	16.1	13.4	89.6%
Textile product mills	11.9	14.6	13.1	75.5%
Apparel manufacturing	99.8	104.2	84.0	86.9%
Leather	5.0	5.3	4.3	73.7%
Paper manufacturing	21.2	21.3	19.4	61.6%
Printing	50.1	45.7	41.8	59.5%
Petroleum	13.0	6.3	5.3	35.5%
Other chemical manufacturing	27.8	28.6	25.8	64.3%
Plastics and rubber products	50.1	51.8	46.4	72.6%
<b>Diversified Manufacturing</b>	<b>739.9</b>	<b>719.9</b>	<b>639.7</b>	<b>59.3%</b>

Source: EDD

## Professional, Technical, Scientific and Management Services

Professional, technical, scientific and management services is the third largest component of the Southern California Region's economic base measured by job levels. The sector accounted for 499,700 jobs in 2002 and modest to strong growth between 1990 and 2002. The region had 42.3% of statewide sector jobs in 2002.

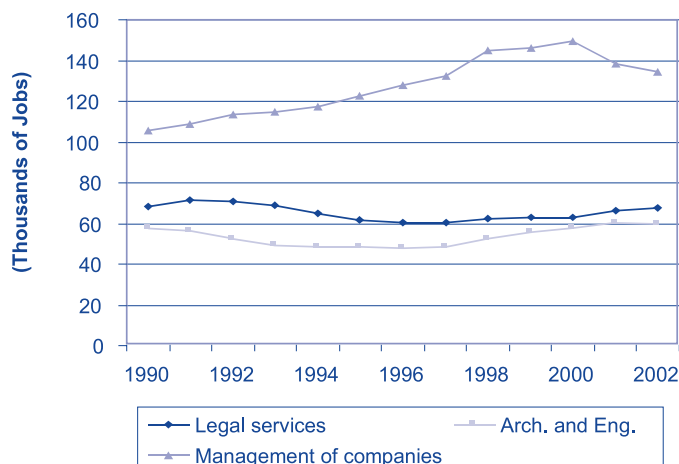
**SoCal Prof, Tech., Sci., and Mgmt. Services**



Management of companies, legal services and architectural and engineering services are the biggest sectors within Professional, Technical, Scientific and Management services. Management of companies had 134,300 jobs in 2002, up from 105,800 jobs in 1990. Legal services accounted for 67,600 jobs in 2002, nearly the same as the 68,200 jobs in 1990 and architectural and engineering services accounted for 59,700 jobs in 2002, up from 58,000 in 1990.

The Southern California Region had 48.6% of statewide management of companies jobs and 49.8% of legal service jobs in 2002.

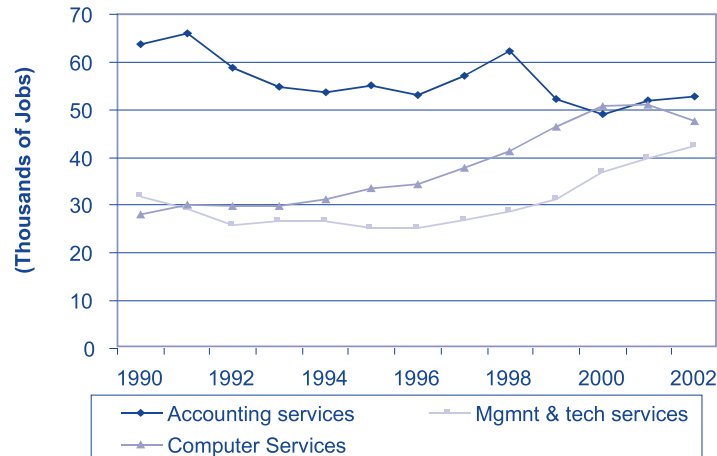
**Selected PTSM Industries in the SoCal Region**





Two of the next three largest components of Professional, Technical, Scientific and Management Services added jobs since 1990. Computer services recorded 47,500 jobs (27.4% of the statewide total) in 2002 for a gain of 19,300 jobs since 1990. There were 42,400 jobs in management and technical consulting (41.9% of the statewide total in 2002) up 10,500 from 1990 levels. Accounting services job levels fell from 63,700 in 1990 to 52,800 in 2002 but still accounted for 50.6% of the state total.

**Selected PTSM Industries in the SoCal Region**



**Southern California Region**  
**Professional, Technical, Scientific and Management Services**  
(Thousands of Jobs)

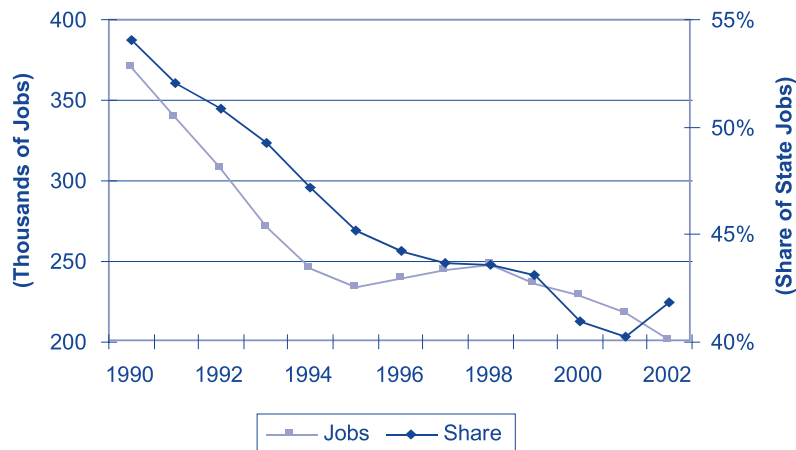
	1990	2000	2002	% of California 2002
Legal services	68.2	63.2	67.6	49.8%
Accounting services	63.7	48.9	52.8	50.6%
Architectural and engineering services	58.0	57.6	59.7	38.4%
Specialized design services	10.1	12.1	12.3	52.3%
Computer systems services	28.2	50.8	47.5	27.4%
Management. and technical consulting	31.9	37.1	42.4	41.9%
Scientific R & D services	27.6	18.8	18.3	19.8%
Advertising and related services	35.8	38.3	35.9	58.6%
Other professional and technical services	27.4	27.7	28.8	50.1%
Management of companies	105.8	149.3	134.3	48.6%
<b>Professional, Technical, Scientific and Management Services</b>	<b>456.8</b>	<b>503.8</b>	<b>499.7</b>	<b>42.3%</b>

Source: EDD

## High Tech Manufacturing

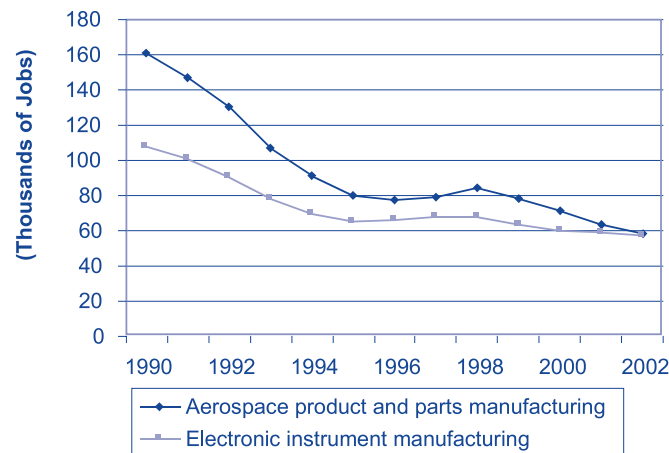
High tech manufacturing job levels fell rapidly between 1990 and 1995 as the result of defense spending cuts and the early 90s recession. The region's share of state high tech jobs fell steadily from near 55% in 1990 to a low of 40% in 2001.

SoCal Region High Tech Manufacturing



The region's high tech manufacturing jobs are concentrated in two defense-related sectors. Aerospace had 58,700 jobs in 2002, down from 161,300 in 1990. Electronic instruments had 57,400 jobs in 2002, down from 108,000 in 1990. Most of the job losses occurred before 1995 while smaller losses continued through 2002.

Leading High Tech Industries



The region has a relatively smaller base in non-defense high tech sectors. The largest concentration and only area of job growth was in pharmaceuticals, where job levels rose from 11,100 in 1990 to 19,300 in 2002 when Southern California accounted for 48.2% of the statewide job total.

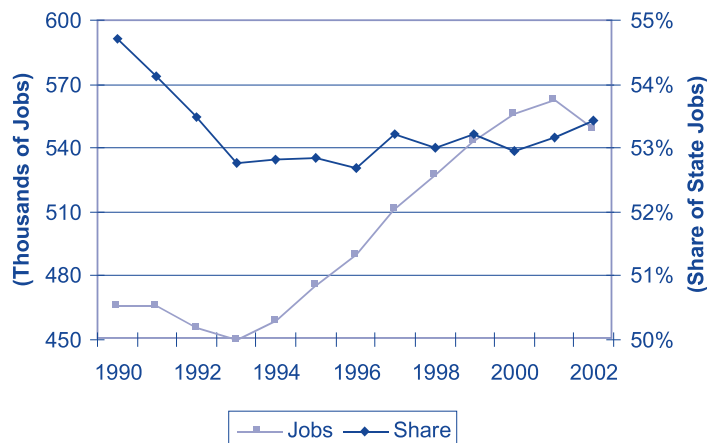
Southern California Region High Tech Manufacturing (Thousands of Jobs)				% of California
	1990	2000	2002	2002
Computer and peripheral equip.	22.1	11.9	10.3	14.6%
Communications equipment	11.2	12.3	11.0	32.1%
Audio and video equipment	5.7	5.5	4.3	50.3%
Semiconductors and elec. comp.	42.4	42.6	34.9	28.0%
Electronic instruments	108.0	59.7	57.4	51.9%
Magnetic media	8.2	6.8	5.3	45.4%
Aerospace	161.3	71.0	58.7	73.3%
Pharmaceuticals	11.1	19.0	19.3	48.2%
High Tech Manufacturing	370.0	228.7	201.3	41.8%

Source: EDD

## Wholesale Trade and Transportation

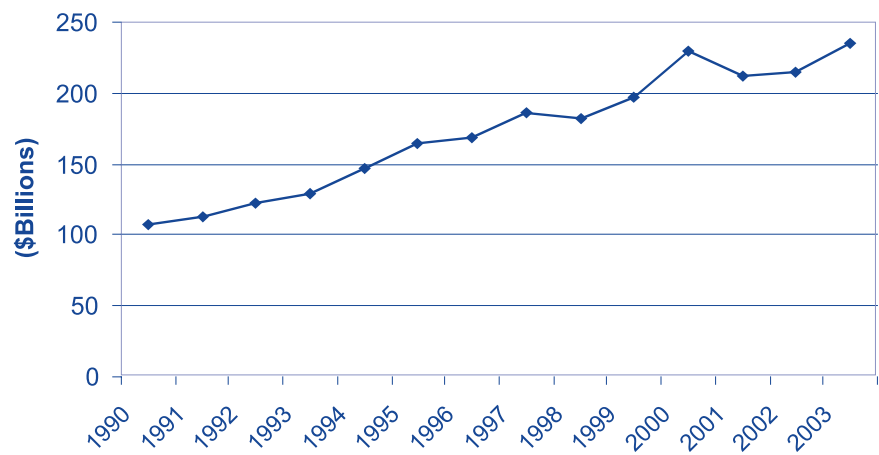
Wholesale Trade and Transportation accounted for 548,800 basic industry jobs and was the second largest sector in the Southern California Region economic base in 2002. The region had 53.4% of the state's wholesale trade and transportation jobs. Sector jobs rose by 89,900 between 1990 and 2000 and fell by 7,100 jobs between 2000 and 2002. The region's share of wholesale trade and transportation jobs fell between 1990 and 1993 before stabilizing around 53%.

### SoCal Region Whsle. Trade & Transportation



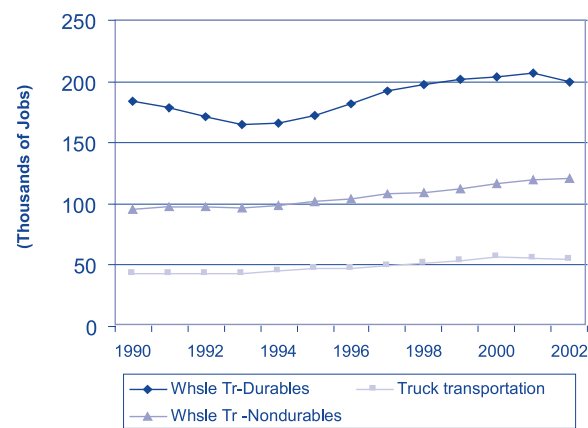
Foreign trade and tourism are two driving forces behind the growth in wholesale trade and transportation jobs. Foreign trade volume in Southern California reached a record of \$235 billion in 2003. The Los Angeles/Long Beach ports are the nation's largest port complex and the third largest in the world. The ports are undergoing a continual program of investment to prepare for another substantial increase in trade projected for the next twenty-five years. Southern California is a major distribution center for imports from Asia going to regions throughout the United States.

Foreign Trade Volume in Southern California



Wholesale trade accounts for approximately 60% of the jobs in the sector. Wholesale trade-related jobs have risen with the level of the Southern California Region economy and the region's role as the nation's leading Pacific-Rim trade center. The region had 200,100 wholesale trade durable goods jobs in 2002 and 120,600 jobs associated with non-durable wholesale trade - two of the region's largest basic industry sectors measured by jobs. Wholesale Trade added 40,000 jobs between 1990 and 2002. Truck transportation jobs rose from 43,600 in 1990 to 54,300 in 2002.

Selected Whsle. Tr. And Transp. Industries in the Southern California Region

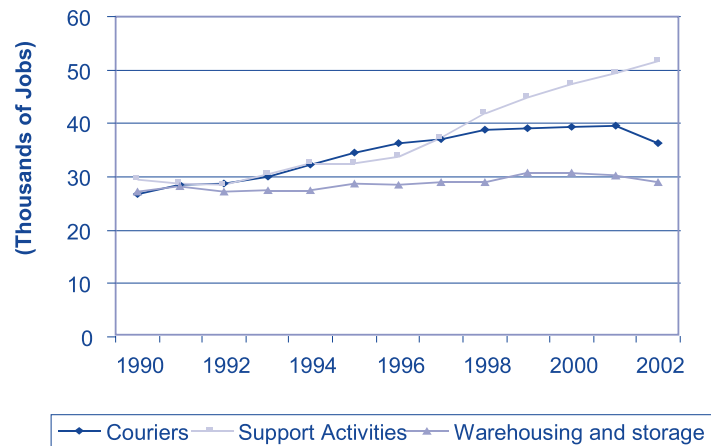


Two of the new NAICS industries, Couriers and Messengers and Warehousing and Storage, are in this sector. Job levels rose in both sectors from 1990 to 2002.

Support Activities for Transportation is another new NAICS industry category. Sectors like air and water transportation now have job and activity levels split between the direct sector and the support sector. Under the SIC data collection system, both sets of activities were combined. So, for example, the NAICS Air Transportation sector includes commercial airlines, while the support sector includes airport support services.

Job levels in support activities rose from 29,500 in 1990 to 51,600 in 2002.

**Selected Whsle. Tr. And Transp. Industries in the Southern California Region**

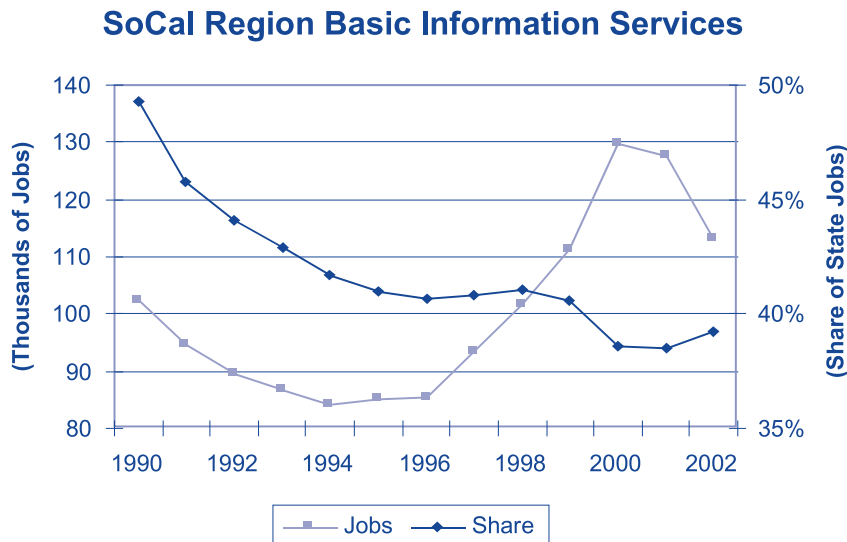


Southern California Region Wholesale Trade and Transportation (Thousands of Jobs)				% of California 2002
	1990	2000	2002	
Wholesalers, durable goods	184.3	203.9	200.1	55.9%
Wholesalers, nondurable goods	95.5	116.6	120.6	52.3%
Air transportation	34.8	32.2	28.1	47.4%
Rail transportation	6.8	7.1	7.0	54.7%
Water transportation	1.8	1.9	1.6	35.8%
Truck transportation	43.6	56.4	54.3	48.4%
Transit and ground transportation	14.5	18.3	17.7	49.2%
Pipeline transportation	0.7	0.7	1.2	45.5%
Scenic and sightseeing	0.6	1.2	1.1	33.8%
Support activities	29.5	47.5	51.6	66.3%
Couriers and messengers	26.8	28.4	28.7	50.9%
Warehousing and storage	27.1	28.2	27.3	49.1%
<b>Wholesale Trade and Transportation</b>	<b>466.0</b>	<b>555.9</b>	<b>548.8</b>	<b>53.4%</b>

Source: EDD

## Basic Information Services

Information is a new NAICS industry category and most of the component industries are also new in terms of following job trends. The Southern California Region had 113,300 jobs in the basic industry portion of Information in 2002, up from 102,300 in 1990. The region accounted for 39.2% of statewide jobs in the Basic Information Services sector. The region's share of statewide jobs fell sharply in the late 1990s as the Bay Area share rose, but the region's share has increased since 2000.



The three largest components of this sector are telecom resellers (24,100 jobs in 2002) followed by broadcasting with 21,000 jobs and ISPs with 19,100 jobs.

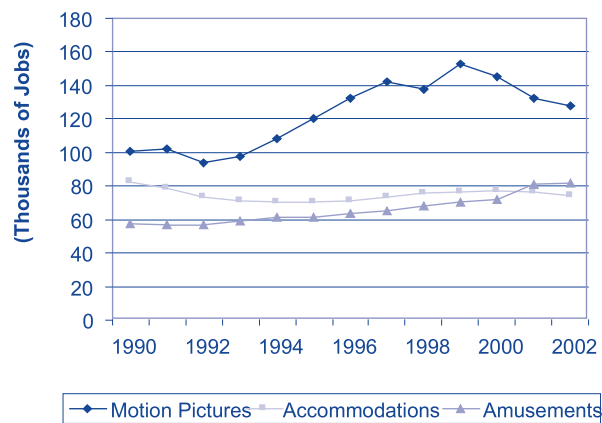
Southern California Region Basic Information Services (Thousands of Jobs)				% of California 2002
	1990	2000	2002	
Software publishers	4.4	11.9	10.4	21.2%
Broadcasting, except Internet	19.1	22.4	21.0	47.3%
Internet publishing and broadcasting	0.4	4.8	3.2	47.4%
Telecommunications	55.4	61.0	57.9	43.5%
Wired carriers	2.5	5.6	5.6	39.6%
Wireless carriers	2.0	10.5	9.3	33.5%
Telecommunications resellers	39.3	26.9	24.1	35.1%
ISPs and data processing	19.0	28.3	19.1	36.0%
Other information services	3.9	1.3	1.8	60.8%
<b>Basic Information Services</b>	<b>102.3</b>	<b>129.7</b>	<b>113.3</b>	<b>39.2%</b>

Source: EDD

## Entertainment and Tourism

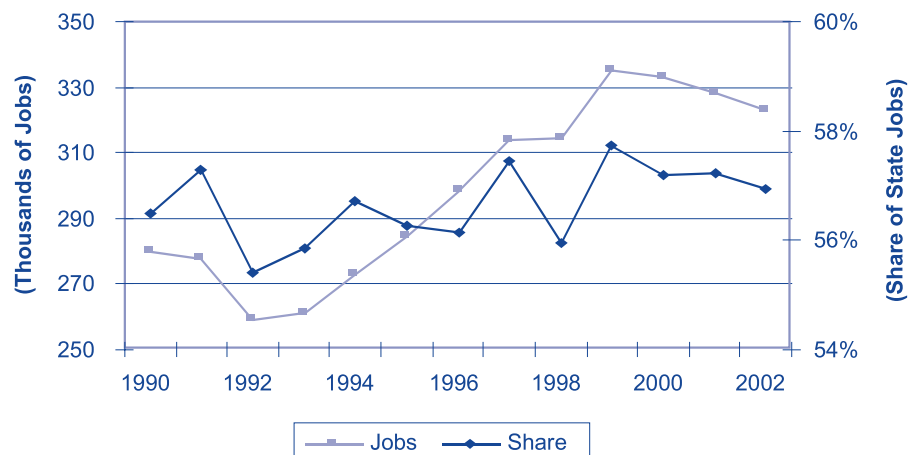
There are more than 300,000 jobs in the region's Entertainment and Tourism sector led by Motion Pictures (127,900 jobs in 2002), Amusements and Gambling (81,700) and Accommodations, mainly hotels, with 74,200 jobs.

**Selected Entertainment and Tourism Industries in the Southern California Region**



Motion picture job levels rose sharply in the early and mid 1990s going from 100,900 jobs in 1990 to a high of more than 150,000 jobs in 1999. Since 1999, job levels fell to 127,900 in 2002. Amusement related jobs rose slowly throughout the 1990-2002 period while the number of hotel jobs remained relatively stable.

**SoCal Region Entertainment and Tourism**



Job levels in Entertainment and Tourism rose slightly during the 1990-2002 period. Job levels dipped in both recessions, which is somewhat unusual for this sector. In both cases foreign and domestic tourism were negatively affected by special events-the civil disturbances in the early 90s and 9/11 in 2001.

The region's share of Entertainment and Tourism jobs has fluctuated in a narrow range between 55% and 58% of the state total. Entertainment and Tourism is the only basic industry sector where Southern California had a higher share of state jobs in 2002 compared to 1990.

<b>Southern California Region Entertainment and Tourism</b> (Thousands of Jobs)				
	<b>1990</b>	<b>2000</b>	<b>2002</b>	<b>% of California 2002</b>
Motion pictures	100.9	145.0	127.9	87.0%
Performing arts and sports	36.6	34.4	34.4	58.9%
Museums, zoos, and parks	2.6	4.4	4.6	36.0%
Amusement, gambling, and rec.	57.8	71.9	81.7	51.4%
Accommodations	82.1	77.5	74.2	39.0%
<b>Entertainment and Tourism</b>	<b>279.9</b>	<b>333.1</b>	<b>322.8</b>	<b>56.9%</b>

Source: EDD

## Resource Based

Resource based jobs fell from 83,600 in 1990 to 70,400 in 2002 with the major job losses in the oil and gas extraction sector of mining. Resource based jobs are the smallest sector in Southern California's economic base.

<b>Southern California Region Resource Based</b> (Thousands of Jobs)				
	<b>1990</b>	<b>2000</b>	<b>2002</b>	<b>% of California 2002</b>
Agriculture, forestry, fishing	59.7	53.2	55.5	14.6%
Mining	12.6	6.4	6.3	28.8%
Fruit and vegetable preserving	11.2	9.2	9.2	23.9%
<b>Resource Based</b>	<b>83.6</b>	<b>71.6</b>	<b>70.4</b>	<b>16.1%</b>

Source: EDD

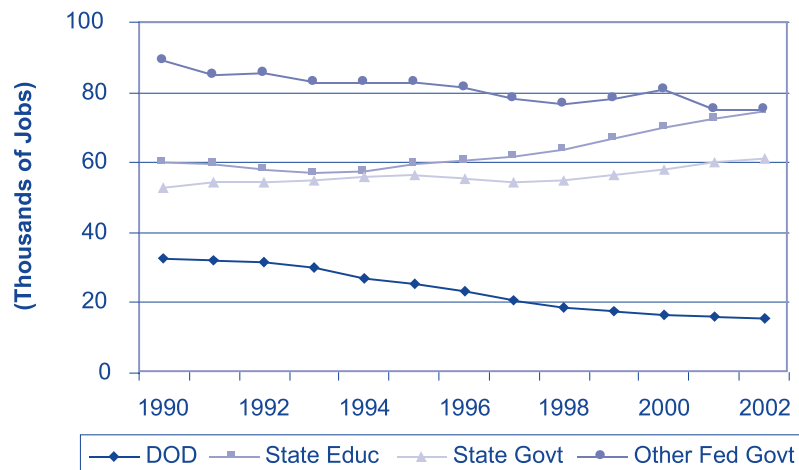


## Basic Government

There were 226,700 Basic Government jobs in the Southern California Region in 2002. Basic government jobs include federal and state government jobs.

There were 90,800 federal government jobs in the region in 2002, down from 121,400 in 1990. The largest losses came from military base closures as civilian DOD jobs declined from 32,500 in 1990 to 15,800 in 2002 with the closure of major regional air bases in the 1990s.

### Basic Govt. Industries in the SoCal Region



State government and education accounted for 135,900 jobs in 2002. State government alone accounted for 61,200 jobs and the region had 23.2% of statewide jobs in state government, less than the Greater Sacramento Region. State education accounted for 74,700 jobs, which was 35.9% of the state total.

State government and education added nearly 23,000 jobs between 1990 and 2002. Job levels declined in 2003 as a result of state budget cuts.

Southern California Region Basic Government (Thousands of Jobs)				
	1990	2000	2002	% of California 2002
Department of Defense	32.5	16.7	15.8	27.9%
Federal government except defense	88.9	80.6	75.0	38.0%
State education	60.1	69.8	74.7	35.9%
State government except education	53.1	58.0	61.2	23.2%
<b>Basic Government</b>	<b>234.6</b>	<b>225.1</b>	<b>226.7</b>	<b>31.2%</b>

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## APPENDIX

### Industries Included in Regional Economic Base

#### *High Tech Manufacturing*

Computer and peripheral equipment manufacturing  
Communications equipment manufacturing  
Audio and video equipment manufacturing  
Semiconductor and electronic component manufacturing  
Electronic instrument manufacturing  
Magnetic media manufacturing and reproducing  
Aerospace product and parts manufacturing  
Pharmaceutical and medicine manufacturing

#### *Diversified Manufacturing*

Wood product manufacturing  
Nonmetallic mineral product manufacturing  
Primary metal manufacturing  
Fabricated metal product manufacturing  
Machinery manufacturing  
Electrical equipment and appliance manufacturing  
Ship and boat building  
Other transportation equipment manufacturing  
Furniture and related product manufacturing  
Miscellaneous manufacturing  
Other food manufacturing  
Beverage and tobacco product manufacturing  
Textile mills  
Textile product mills  
Apparel manufacturing  
Leather and allied product manufacturing  
Paper manufacturing  
Printing and related support activities

Petroleum and coal products manufacturing  
Other chemical manufacturing  
Plastics and rubber products manufacturing  
Miscellaneous manufacturing

#### *Wholesale Trade and Transportation*

Merchant wholesalers, durable goods  
Merchant wholesalers, nondurable goods  
Air transportation  
Rail transportation  
Water transportation  
Truck transportation  
Transit and ground passenger transportation  
Pipeline transportation  
Scenic and sightseeing transportation  
Support activities for transportation  
Couriers and messengers  
Warehousing and storage

#### *Basic Information Services*

Software publishers  
Broadcasting, except Internet  
Internet publishing and broadcasting  
Telecommunications  
ISPs, search portals, and data processing  
Other information services

#### *Professional, Technical, Scientific and Management Services*

Legal services  
Accounting and bookkeeping services  
Architectural and engineering services  
Specialized design services  
Computer systems design and related services  
Management and technical consulting services

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Scientific research and development services  
Advertising and related services  
Other professional and technical services  
Management of companies and enterprises

### ***Entertainment and Tourism***

Motion picture and sound recording industries  
Performing arts and spectator sports  
Museums, historical sites, zoos, and parks  
Amusements, gambling, and recreation  
Accommodation

### ***Basic Government***

Department of Defense  
Federal government except defense  
State education  
State government except education

### ***Resource Based***

Agriculture, forestry, fishing and hunting  
Mining  
Fruit and vegetable preserving and specialty

